

97-84113-15

Bates, Wilbur

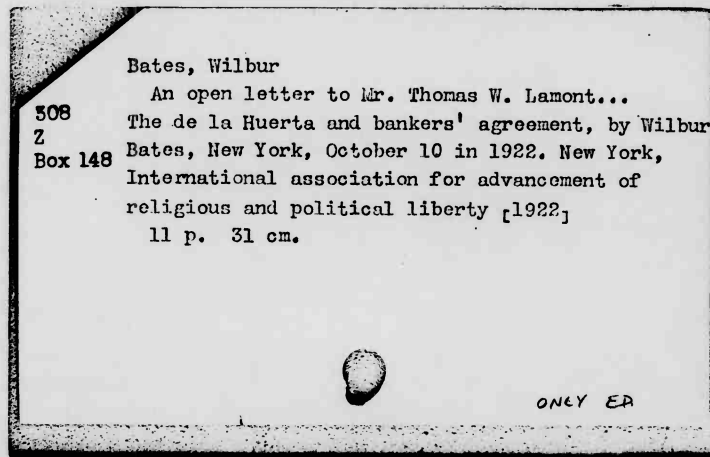
An open letter to
Mr. Thomas W. Lamont
New York
[1922]

97-84113-15
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD



RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm

REDUCTION RATIO: 9:1

IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 6-6-97

INITIALS: PB

TRACKING # : 22992

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

120

Through the President's Office

308
Z
Box 148

—AN OPEN LETTER TO—

Mr. Thomas W. Lamont

— Chairman, International Committee of Bankers on Mexico —

The de la Huerta and Bankers' Agreement

By Wilbur Bates

New York, October 10 in 1922

Published by
International Association for
Advancement of Religious and Political Liberty, Inc.
No. 7, East Forty-Second Street
New York City

Mr. Thomas W. L. Smith

The Office of the Secretary of the Treasury

Washington, D. C.

ALONSO MARISCAL
President

PEDRO DEL VILLAR
Treasurer

WILBUR BATES
Executive Sec'y

INTERNATIONAL ASSOCIATION FOR
ADVANCEMENT OF RELIGIOUS AND POLITICAL LIBERTY, INC.

No. 7, East Forty-Second Street, New York

AN OPEN LETTER TO

Mr. Thomas W. Lamont

— Chairman, International Committee of Bankers on Mexico —

MY attention has been called to the address delivered by you before the American bankers at the Hotel Commodore, Tuesday, the 3rd inst., in which you made references to Mexico which were misleading and not supported by facts.

Your remarks were unquestionably colored by self-interest and were undoubtedly intended to be a pat on the back for that cabal of Mexican "Reds" who recently betrayed the interests of their country to the "international bankers" to further their own political schemes. What you had to say was greatly appreciated by Obregon & Co., and was given considerable space in Mexico City newspapers.*

The "agreement" that you and your associates entered into with de la Huerta did not fix the national debt of Mexico AT A DEFINITE AMOUNT, it is now revealed; but, had the Mexican people been represented by valid authority, it would, on its face, and only as a starting point, have practically doubled their legal obligations without consideration to them. That "agreement" is not worth the paper on which it is written. Not only did de la Huerta have no legal authority to enter into such an "agreement" with you, nor Obregon to approve it, but the Mexican "Congress" which ratified it has no legal standing. **YOUR CONTRACT IS VOID.**

There has been no legal government in Mexico since Gen. Victoriano Huerta. President Wilson, in recognizing Carranza, "de facto," recognized what was, de jure, organized anarchy. The "Constitution of 1917," so-called, under which the "present administration" usurps the functions of government in Mexico, is **NULL AND VOID.** There is not a legal department of government existing in Mexico today. The legal Constitution of Mexico is the Constitution of 1857,

which stands in full valid force. Its observance only is interrupted by the setting up of the illegal, so-called "Constitution of 1917." Every act—executive, judicial or administrative—performed under the "Constitution of 1917," since it went into effect May 1, 1917, is null and void.

You should know this to be true. If you do not, you have been derelict in your duty to your Committee and your clients—holders of Mexican securities—for these facts were all brought to your attention several months ago, and you had ample opportunity to investigate them and learn the truth. You were told, prior to your meeting with de la Huerta last June, that you were dealing with Bolshevik usurpers who had no valid authority to represent the people of Mexico and no legal qualifications to deal with you. You were also plainly told that any agreement you made with de la Huerta affecting the rights of the Mexican people would be invalid and would be repudiated by the legal government soon to come. If you failed to investigate the facts and learn the truth, it is entirely your own fault.

Obregon, it is true, approved the "agreement" de la Huerta made with you, but he actually was opposed to it and was compelled to accept it by Calles, the present ringleader of the Mexican "Reds." It is also true that the present illegal Mexican "Congress" ratified this "agreement," but it is also quite as true that this "Congress" was packed by Calles to assure its ratification in the political interest of himself and de la Huerta, and to further their plan to overthrow Obregon after the first of next December and to then assume supreme power in Mexico. Not only is the present "Congress" illegal under the law, but it is doubly illegal from the fact that men who had been "duly elected," had their credentials rejected that their places might be filled by Calles' creatures, who would bow to his behests and ratify your agreement with de la Huerta, and, later, obey orders when Obregon may be forced to resign, or is deposed.

* In "El Universal," of Mexico City, the 3d inst., there was printed a dispatch from New York, dated the 2d inst., which stated that—"tomorrow, before the bankers, Thomas W. Lamont will make a speech in which he will discuss favorably the Mexican situation."

FOUR

Why not investigate the story of the "Blue Buttons," Mr. Lamont, and learn some of the cute little Bolshevik devices of the Mexican "Reds" to assure the success of their political schemes. The famous poker hands of Brete Harte's heathen Chinese "have nothing on them." In view of all the facts, I cannot understand how a banker of your eminent position in world-finance can, with self-respect, be a party to such a proposition as de la Huerta's undeniably illegal "agreement" with you and your associates, attempted to be imposed on the Mexican people by such contemptible trickery as was resorted to by Calles and de la Huerta to effect its "ratification."

Did you know, Mr. Lamont, that a pamphlet was circulated among the members of Congress in Mexico City, just before your "agreement" came before the Chamber of Deputies, setting forth various adroit tricks under which it may be nullified later on? If you do not know this, you have been asleep. Before the Bolsheviks of Mexico get through with you, if they have their way, they will make you the laughing stock of the bankers of the world. You cannot beat them at their game. As I warned you in my open letter of June 3, last, they were playing only for time. They gained their point, apparently; but perhaps there was something "international" behind the whole proposition that the sunlight has not reached—yet.

You said in your speech to the bankers that you had spent much time to "assist Mexico" in what you believed to be a sincere attempt by the present administration to work out the problem of her foreign indebtedness. Does your idea of "assistance" to the Mexican people embrace being a party to a tyro in governmental finance like de la Huerta saddling on them, as a part of their national debt, the obligations of the Mexican National Railways, a private corporation, amounting in principal to \$182,387,350.52, in accrued interest as of January 1, 1922, to \$70,663,442.75, and in their entirety to \$253,050,793.27, practically doubling their burden by this item alone?

The "agreement" under which this is attempted also carries a "joker," permitting Senor de la Huerta and your committee to add to the Mexican national debt at will other bonded indebtedness that certain international bankers would like to see similarly guaranteed. Does such bonded indebtedness, which now seemingly stands subject to depuration, include certain disputed Huerta bonds, the legality of which the Bolsheviks have denied, and certain railway bonds, which were apparently not included in the "agreement" made with you? The disputed Huerta bonds amount in principal to \$68,301,602.12, with interest accrued as of January 1, 1922, of \$30,735,720.95. They total, principal and interest, \$99,037,323.07, less those known as the DeKay bonds, which were expressly repudiated in your "agreement" by de la Huerta.

You will remember that I wrote you under date of August 26, last, asking if the statement was true made by Carlos Diaz Dufoo in "Excelsior," of Mexico City, August 15, in effect that the international bankers had condoned the so-called Huerta debt and had decided to accept in payment of that claim \$29,100,000, covering only the Huerta bonds known as Series A. You did not honor me with a reply. In a copy of your agreement with de la Huerta, printed in the Journal of Commerce, September 5, in paragraph C, of Section 4, relating to current interest, I find that the export oil taxes, a tax of 10 per cent. on the gross railway revenues, and also the net railway revenues, if any, shall be paid as collected in a manner to be agreed on with the International Committee, "which will make arrangements for distribution of the sums so received among the holders of the obligations listed in the schedule attached. **TO WHICH MAY BE ADDED SUCH OTHER ISSUES AS THE MINISTER AND THE COMMITTEE MAY JOINTLY AGREE SHOULD BE INCLUDED IN THE GOVERNMENT'S EXTERNAL DEBT AND RAILWAY DEBT.**"

Now, Mr. Lamont, will you kindly explain this last clause? Does it mean that if your committee and de la Huerta agree—and I have not the remotest idea that the committee would refuse to agree—all "external" and all "railway" bonds not now showing on the surface of your "agreement" with him may be later added to it? Was there any thought, when this "joker" was devised, that it should be made to apply at any time in the future to the spurious money of the Mexican revolutionaries, including the "Infalsificables" of Carranza, now so largely held by American banks? Could these "issues" ever be brought within the meaning of "External Debt"?

Was the clause I have quoted intended as a trick and device to enable you to openly bring under your contract at a later time the disputed Huerta bonds, other than Series A, thus giving the Bolsheviks a chance to save their face after all their indignant denials of the legality of issue of these bonds? Was it also intended as a trick and device to enable you to openly bring under your contract at a later time the bonds of the railways not included in the National Railways system, which amount in principal and interest to \$116,020,619?

Did someone think it would be "good politics," and make it easier to effect the ratification of the de la Huerta "agreement," to bury the fact in a "joker" that the Huerta bonds in dispute and the independent railroad bonded debt were included in your negotiations? As the Huerta bonds are the only part of the "external debt" not openly covered by your "agreement" with de la Huerta, and the bonded indebtedness of the railroads not included in the National Railways is the

only "railway debt" not embraced in the schedule attached to it, it would seem that I cannot be wrong in my inference that you had these items in mind when the "joker" was run into the de la Huerta contract.

And why was such a clause incorporated into this "agreement" anyway, if it was not intended to cover securities which it was thought wise not to make too conspicuous till after your contract had been ratified by the Mexican "Congress"? Manifestly any bonds which "should be included" in the de la Huerta contract by special agreement between him and your committee, should, in all honesty and fairness to the Mexican people, have been openly included by title in the schedule attached to the pact. This was a public matter affecting the rights of a people, and, therefore, such people were entitled to "an open covenant, openly arrived at." In whose interest was any other course adopted? You have the opportunity to rise in your pew and explain, Mr. Lamont.

And why did the resolution ratifying your "agreement" with de la Huerta, adopted by the Mexican "Congress," contain the same provision, only very carefully concealed in adroit phraseology? These are interesting points that real friends of Mexico would like you to elucidate. And if I am wrong in my ideas of just what bonds "should be included" in the de la Huerta contract under your "joker," will you kindly correct me? *I seek only the truth.*

When one studies the de la Huerta "agreement" in the light of evident truth, he cannot but be impressed with the fact that the Boss Bolsheviks in Mexico City conspired to deceive even their own Bolshevik "Congress" by concealing the fact that under the de la Huerta contract the Mexican national debt may yet be increased at least by something like \$215,000,000, more than now appears on its face, which is certainly a very stiff proposition after having added openly the debt of \$253,050,793.27 of the Mexican National Railways.

You cannot blame the Mexican people, Mr. Lamont, if they hold you and your International Committee responsible for such concealment, for it could not have been accomplished had your committee not made themselves a party to it by covering the evident intention to later take in the disputed securities and the railway bonds I have mentioned.

Bolsheviks are Bolsheviks, Mr. Lamont, and bankers are bankers. Of Bolsheviks we expect certain things—because they are Bolsheviks. We do not expect the same certain things of reputable bankers. So, if the Mexican people accuse you of helping the usurpers who have stolen their government conceal from them the manipulations of their national finances attempted in the de la Huerta "agreement," will they not have quite substantial justification?

The export tax on oil was made a part of the guarantee of payment under this "agreement." This tax was imposed by Obregon in June, 1921. Last February the first payment of this tax was made, amounting to about \$6,750,000. This money was, according to Obregon's decree, to be devoted to the payment of interest on foreign held bonds, and was said to be on deposit in the Banco Nacional in Mexico City for that purpose when de la Huerta came here late last June to confer with you. As a matter of fact, every dollar of that money, I have been informed, had then been used for other purposes.

This tax, to September 1, last, amounted to about \$13,000,000. All of this has been paid but about 2,000,000 pesos, which the oil men refuse to pay because de la Huerta demands that they be paid in New York drafts, on the basis of one dollar to each two pesos of tax. In exchange, this means a difference in favor of the Bolsheviks of about 3 per cent., of about \$30,000 to the million. The oil producers cannot see this. They are too good business men.

Items have appeared in the newspapers of late that the Bolsheviks have begun to make payments under the de la Huerta contract. This is not true. They have deposited with J. P. Morgan & Co. about \$3,250,000, subject to the check of de la Huerta, but they have not paid over to you one cent under the agreement you made with them June 16, last. There is a vast difference between making deposits in your banking house subject to check, and actual payment on account of a contract.

For all you know, the Bolsheviks may plan to make the cash deposited with J. P. Morgan & Co. "Fall money." They may deem it wise to get out of Mexico suddenly, and to send cash to your firm on deposit, subject to check, is a very good device to augment sums that may have come out of Mexico in a less open way. Do not fool yourself, Mr. Lamont; you are dealing with Bolshevik outlaws, men who will not hesitate at murder to gain their ends. General Murguia charges that the "present administration" in Mexico has killed 128 men for "political reasons" since it came into power, and I have mentioned the murder of four men by name in my previous communications.

Besides that, Obregon and Pablo Gonzales have not yet been relieved of the odium of "Gen." Adolfo Herrera's dispatch sent to them from Villa Juarez, May 22, 1920, in which he said: "DO NOT PRETEND TO WASH YOUR HANDS LIKE PILATES; I HAVE DONE NO MORE THAN CARRY OUT YOUR ORDERS," referring to the killing of Carranza; nor has Obregon yet met Miss Julia Carranza's charge, on file in the State Department at Washington, that she possesses evidence to show that he ordered that her father "disappear." All this is significant in view of the fact that if Carranza had not been murdered,

de la Huerta could not have been chosen "Substitute President" to fill his unexpired term, and the conspiracy of Agua Prieta would have proved abortive.

Another important point, which I have emphasized many times, is that Obregon is not legally President of Mexico under the Bolshevik "Constitution of 1917," for under Article 82, paragraph 7, he made himself ineligible to that office by identifying himself with the "uprising" against Carranza—the "military coup" which overthrew him and resulted in his murder.

As you are undoubtedly well aware, there is great rivalry all over the world for advantages in oil production, British interests displaying great enterprise in the attainment of dominance in this direction. While the oil fields in Mexico are showing marked decline in production—so marked that the Mexican "government" will soon receive only one-half the sums in production and export taxes that it has enjoyed in the past—there are yet great undeveloped oil bearing areas open to exploitation in that country. The British know this and want these concessions.

Just before de la Huerta retired from the Presidential chair on December 1, 1920, he made many concessions of oil-bearing lands to British interests. These concessions are void, and unless he and Calles can be maintained in power, they will be cancelled. It is a fair inference, therefore, that de la Huerta is a British candidate for President of Mexico, or to succeed Obregon, provided he can be "induced to resign" after December 1, next.

If you will read Article 84 of the "Constitution of 1917," you will note that, if the President resigns, or is incapacitated, during the first two years of his term, the Congress shall, by secret ballot, temporarily fill the office, and shall call a general election to fill the unexpired term. But where the President resigns, or is incapacitated, during the last two years of his term, the Congress must elect his successor to fill the unexpired term. The election of a successor to Obregon by general election could not be easily controlled and complications might arise that would produce disappointing results, but where Calles has a "Congress" in his pantaloons pockets, as he evidently now has, the result would be as certain in advance as the ratification of your "agreement" with de la Huerta was made certain in the last Congressional election, July 2.

So, if Obregon be "induced to resign" after December 1, it is quite safe to predict that the British candidate, de la Huerta, will be elected to fill his term, and that Calles, the American hater, will be the candidate for the next full term beginning December 1, 1924. This would be quite in keeping with the past political history of these two men, who several times have "swapped" the governorship of the State of Sonora, one succeeding the other. De la Huerta is now Governor of Sonora, on leave of absence to act

as Secretary of Finance in Mexico City, while Calles' brother keeps the chair warm.

You know that on September 8, the Bolsheviks in Mexico City seized "El Universal" newspaper to prevent the continuation of Francisco Bulnes' exposure of their misrepresentations in reference to the current revenues. I sent you the true story of this outrage in the copy of a letter received from Mexico City about September 20.* That incident resulted in the sale of this paper to the British oil interests in Mexico, through a man named Montes, the representative of the Aguila Oil Company in Mexico City.

The "El Universal" publications included three—"El Universal," the morning edition; "Gráfico," the afternoon edition, and "Taurino," a paper devoted to the bull fighting sport. The purchasers, being British, have no sympathy with such cruel exhibitions, so they made a present of "Taurino" to a man who had been connected with the publication of "El Universal," to get rid of it. Since "El Universal" changed hands it has been noted that its tone has been against Obregon, but yet favorable to de la Huerta personally. This has its significance to those who know the inside workings of Bolshevik politics in Mexico City.

Another point of interest:—As you know, Secretary of State Hughes has refused to recommend to President Harding the recognition of the Obregon "government," because Obregon, Calles and de la Huerta have refused to Americans adequate guarantees of protection of life, property and rights under Mexican law. Last spring, I heard that Calles had remarked that they did not care whether the United States recognized them or not—"they had found a way out." The next incident of note was the de la Huerta "agreement" in relation to the national debt with the "International Committee of Bankers on Mexico," and the great publicity in connection therewith favorable to Obregon & Co. Then came Calles' desperate acts to control the present "Congress," to assure the ratification of that "agreement," and to prepare for future contingencies, should Obregon "resign" after December 1, next. Was there any connection, Mr. Lamont, between your "agreement" with de la Huerta and its ratification by Calles' own Bolshevik Congress, and the "way out" he spoke of last April? It is also interesting to note here, that quite recently Calles made the remark that, as "they" had gained the recognition of the international bankers, "they" did not care a snap of their fingers about the recognition of the Government of the United States. Incidentally, "they" do not have authority to speak for the people of Mexico.

All Mexican securities, before the World War began in 1914, were largely held in Europe. In the desperate efforts to raise war funds to establish cred-

* See copy of this letter appended.

its for supplies in this country, before the United States entered the war, great numbers of these securities were transferred to America. As the financial representative of the British Government, J. P. Morgan & Co. received bales of bonds, which are now in their vaults. Among them, undoubtedly, are large numbers of the Huerta bonds of disputed validity, and bonds of the Mexican "external" and "internal" debts, railway bonds and state and municipal bonds. The proposition now is to turn them into cash by giving them substantial market value.

Can it be, Mr. Lamont, that, unknown to you, some subterranean agreement was made at some time, somewhere, between some people, in effect that if de la Huerta and Calles would sustain the oil lands concessions the former made to British interests while "Substitute President,"—would bring about by the Mexican "government" endorsement as national debts of the bonds of the Mexican National Railways, and other railways in Mexico, and certain state and municipal bonded debts,—would accept the Huerta bonds in dispute, and enter into an agreement as to how all these bonded debts should be paid,—and on top of all that they would give British interests a blanket concession to exploit all oil fields in the national lands of Mexico, the Mexican Bolsheviks need not worry about recognition by the United States, or for money to start a central bank and to run their "government"? Was this the basis of all the talk de la Huerta made when here last June, of their plans to start an hundred million dollars bank in Mexico, backed by French capital? Is British money now to go to them disguised as a French loan as a reward for their complicity in their "administration" of the finances of the government they have stolen from the people of Mexico?

AND CAN IT BE, MR. LAMONT, THAT YOU HAVE UNWITTINGLY BEEN USED AS A PAWN IN A VERY DEEP GAME IN POLITICAL AND FINANCIAL DIPLOMACY TO CARRY OUT A SCHEME TO PUT BRITISH INTERESTS INTO PRACTICALLY FINANCIAL, COMMERCIAL AND POLITICAL CONTROL OF MEXICO?

You know that the British have never shown much perturbation over Article 27. They have left it to Americans to make all the fuss, and so they have stood "pretty well" with the Mexican Bolsheviks. The door has always been open to them for most friendly negotiations. They certainly would not lose any trick in oil. In this situation, have the British been very quietly and secretly taking advantage of the policy of the Government of the United States not to recognize as government in Mexico a usurpation that disregards the rights of private property, whether belonging to natives or foreigners, to establish their own domina-

tion of that country? I do not suppose you could answer these points, nor do I suppose for one moment that you would if you could.

Your business being "international," and your firm being the financial representative of the British Government in America, you are naturally looked on as being quite pro-British in your sentiments. So that part of your speech before the bankers in which you so adroitly suggested to them that the war debts of European governments to the United States might be advantageously pared down, did not occasion much surprise. But the friends of Mexico could not but unfavorably contrast your solicitude for European states with the effect of your "agreement" with de la Huerta on the fortunes of the Mexican people—"a people bled white financially and made worse than bankrupt by over eight years of lawless Bolshevik domination."

To give bonds held or controlled by you, your associates and your clients, endorsement which, if legal, would put the great natural resources of Mexico behind them as security for their payment, through the "agreement" with de la Huerta, the International Committee of Bankers on Mexico has attempted to impose on the Mexican nation obligations amounting to \$369,071,412.27 in railroad bonded debts, or debts of private corporations, this amount including the \$116,020,619, which you may now bring within the scope of the de la Huerta contract by agreement between him and your committee under the authority of ratification of this pact by the Mexican "Congress." I here make no reference to the disputed Huerta bonds, for high Mexican legal authorities hold that they were nearly all properly issued and must be paid.

You will note that I have used the word "attempted" in the above paragraph, for, at best, the de la Huerta "agreement" can only be regarded as an attempt to saddle on the Mexican nation a great private railroad debt. If the de la Huerta contract were legal, it would prove a misfortune to Mexico. But it is not legal, and it can, therefore, have no other effect than to indicate intent. *If you "International Bankers" are satisfied to go ahead and do business with that lawless gang of Bolsheviks in Mexico City under a contract that is quite as lawless in its legal aspects as they are, you can take to yourselves all the credit that goes with such methods of finance. No one who knows the truth can envy you in any way.*

I could write you some very interesting facts about the methods adopted, and the lies that were told to create favorable public opinion in Mexico, to facilitate the ratification of your "agreement" with de la Huerta, but I will leave that to future time, except to state that Senor Carlos Diaz Dufoo, an adviser to de la Huerta, told the Mexican public through "Excelsior," a Mexico City newspaper controlled by an American oil interest very favorable to the Bolsheviks, that you

EIGHT

bankers had condoned the Huerta bonds, excepting Series A, which was not true, as the "joker" in the de la Huerta "agreement" and your refusal to reply to my inquiry on this point, indicate;—and that the assertion was made that through accepting the debt of the Mexican National Railways the "government" would be relieved of the claim of \$320,000,000 for damages to the system resulting from the "revolution" and the seizure of the lines by Carranza and their subsequent operation by the "government."

The latter statement was just as true as the lie in reference to the condonation of the Huerta bonds. There is not a line in the de la Huerta "agreement" anywhere that indicates that release from such claims was ever considered. This is only another evidence of the trickery and treachery and utter unreliability of the Mexican Bolshevik "government" you are dealing with and publicly commending, Mr. Lamont.

Could I do so within brief space, I would like to answer your references to the administration of Gen. Porfirio Diaz, especially as to education and landownership under his government. What you said to the bankers on these matters indicates how superficial your knowledge of Mexico really is. You evidently have read some of the writings of the dilettante "Reds" who were retained a year or so prior to the resignation of Diaz to prepare American public opinion for his overthrow.

If you sincerely desire to know something in the way of real truth about the Agrarian problem of Mexico, read Francisco Bulnes' book, "The Whole Truth About Mexico." If you want to be fair on the educational question, learn what the Diaz government actually accomplished and what it would have cost to do what General Diaz aspired to do. You know his revenues in his best year were only \$55,571,201. It would have cost far more than his entire revenues to have established such an educational system throughout Mexico as some of his critics seem to think he should have maintained.

According to statistics, Mr. Lamont, it costs the City of New York \$41,576,897 to maintain its public schools, and yet thousands of children are on half-time for lack of sufficient accommodations. In 1920 the population of New York City was 5,620,048. In 1910 the population of Mexico was said to be about 16,000,000. On the same basis per capita as New York City expends for education, it would have cost the Diaz government over \$112,000,000 a year to have placed him beyond the criticism of those who seem to think they could have governed Mexico more wisely than he did. Your friend Obregon spent for military purposes in the fiscal year of 1921 the sum of \$68,106,131.50, or 30 per cent MORE than Diaz's revenues in his best year, as against \$4,977,524 for education.

Obregon is certainly an enthusiast on education, Mr. Lamont.

Your remarks to the bankers regarding the "revolution" in Meixco show that you either do not know your subject, or that you chose, by indirection, to mislead their opinion. What you had to say in reference to the "Constitution of 1917"—that it "is subject to criticism, not so much on the ground of radicalism, as upon its unworkableness"—would have provoked a shout of laughter from your audience, had they known the truth. *Your address to the bankers is only another example of the Mexican Bolshevik propaganda that has been going on in this country during the past two years.*

Mr. Lamont, you know as an experienced banker that **stable government can only exist where property rights are respected**; and you further know that property has not been respected in Mexico since 1914, and that since the adoption of the "Constitution of 1917," Mexico has been confessedly a Bolshevik country.

You should know that the "Constitution of 1917" has practically ruined the manufacturing and mining industries in Mexico, and has crushed agriculture through the "Agrarian reform" laws passed under Article 27. Before the coming winter is over Americans need not be surprised if an appeal comes out of Mexico for food to keep people from starving because of the effects of the awful crimes that have been committed in Mexico in the name of "Agrarian reform."

Agricultural depression began to be painfully apparent after Obregon came into power. Corn is the great food staple of the Mexican people. Mexico, under normal conditions, can raise sufficient corn to feed those dependent upon it for sustenance. But in 1919 the Bolshevik blight on agriculture began to manifest itself, and in that year Mexico imported 114,109 bushels of corn. In 1920 this importation was increased to 344,763 bushels. By 1921 Bolshevik "Agrarian reform" had become so effective that Mexico was compelled to import from the United States, in the first ten months, 11,168,000 bushels, or an increase of 10,823,237 bushels over the entire year of 1920. This circumstance is certainly a wonderful recommendation of the virtues of Bolshevik "government."

According to a late report of the Mexican Department of Agriculture, the corn crop for the current year will amount to 1,551,017,723 kilos. Senor Francisco Bulnes, in an article in "El Universal," September 28, states that there are 2,500,000 families in Mexico dependent on corn for sustenance, and that this crop will provide only about 40 per cent. of the quantity needed to sustain the people. My prediction that before the coming winter is over an appeal for food will come out of Mexico is likely to be fulfilled.

The only practical result of Bolshevik "Agrarian reform" and distribution of lands in Mexico to date,

has been the destruction of agriculture and the creation of the most outrageous blackmailing system that can be imagined. In Aguascalientes, after blackmailing a landowner out of 130,000 pesos, the Bolsheviks divided his ranches, giving them to Indians from Tabasco. This landowner begged that his lands be given to his own peons and those in his district, but, for reasons of their own, the Bolsheviks refused. A little later the Tabasco Indians will "sell" these lands to the Bolshevik distributors and go back home. See the point?

Your remarks that the "Constitution of 1917" is more criticisable for its unworkableness than its radicalism, is most grimly humorous, Mr. Lamont. If it could be made any more "workable" than it is as a machine to legalize robbery and create greater opportunities for blackmail, I fail to see how it could be done. That it can ever be made "workable" as a basis for decent, stable government is a weird delusion. There will never be "adequate security" for foreign investors while the "Constitution of 1917" is in force and Calles and de la Huerta rule Mexico, your expressed belief to the contrary notwithstanding.

The "strong ground for hope" which you hold out to the bankers as a lure to their favorable opinion of the "government" of your Bolshevik friends below the Rio Grande, Mr. Lamont, has nothing behind it but your self-interest as a banker, and, perhaps, your per-

sonal desire. There is no hope for Mexico while the Bolsheviks prevail as "government" in that country. The only difference between the Bolsheviks in Russia and the Bolsheviks in Mexico, is that in the former they have destroyed capital, while in the latter they have been, and are, stealing it under the protection of "constitutionality."

I noted, as a curious coincidence, that on the day you made your speech to the bankers a statement in reference to Mexico, made by Mr. Samuel Gompers and some other labor leaders, was printed in the newspapers. They "jerked up" the United States Government for "still unaccountably withholding its official recognition of the Mexican Government."

I can account for Mr. Gompers' attitude. That is easily interpreted. I could not account for your position, however, were it not for the scent of the British lion which I detected in the atmosphere of your speech to the bankers, and the dollar marks which fill the air in the "rehabilitation" of Mexican finances under Bolshevik auspices.

What an interesting story it would make for the newspapers, if both you and Mr. Gompers would tell the exact truth as to what is actually in your minds in relation to Mexico.

WILBUR BATES,

Executive Secretary

New York, October 10 in 1922.

COPY OF INQUIRY MADE OF MR. LAMONT, REFERRED TO IN FOREGOING COMMUNICATION

New York, August 26 in 1922.

Mr. Thomas W. Lamont,
Messrs. J. P. Morgan & Co.,
No. 23, Wall Street, New York City.

Dear Sir: In the "Excelsior," a newspaper published in Mexico City, under date of August 15, there was printed an article by Senor Carlos Diaz Dufoo, one of the advisers of Senor Adolfo de la Huerta, in which the statement was made that through the agreement entered into between Senor de la Huerta and the bankers acting under your chairmanship, a great moral as well as financial victory was gained by Senor de la Huerta through the bankers agreeing to aban-

don their determination to demand full payment of the Huerta debt and accept as such debt only the 58,200,000 Mexican pesos (\$29,100,000), represented by the bonds embraced in Series A.

The balance of 120,000,000 Mexican pesos, Senor Dufoo states in this article, must be considered a positive gain in the interest of the Mexican people. This statement means that the larger part of the Huerta debt was condoned. As this matter is of great importance to Mexico, we shall be greatly your debtor if you will kindly inform us if this statement is true.

Very truly yours,

WILBUR BATES

Executive Secretary

Bolshevism in Mexico

Copy of Letter from Mexico City, Written by an American,
Received in New York About September 20, Last

AM enclosing clippings regarding the 'strike' at the Universal and the suspension by Palavicini of all Universal publications, consisting of the Daily Universal, Universal Grafico, of the afternoon, and Universal Taurino, dedicated to the bull fight sport. Yesterday, to the surprise of the public, the Universal failed to appear. It turns out that they had prepared a magnificent issue in honor of the Covadonga Day—8th—and had a large illustrated issue full of extra Spanish advertisements and the best paper they ever turned out for such an occasion.

"All the heads of the paper had left around midnight, and the ordinary employes and laborers were busy getting the paper ready for distribution, when around 2 A. M., Friday, the place was invaded by a group of men—reported all armed—none of them directly connected with the papers of the Universal, who forced all employes and laborers to leave the building. They then planted the Bolshevik flag in front of the doors and prevented anyone entering or leaving. The paper was ready for distribution, and, later in the day, an attempt was made to take out the camiones with the papers. This was prevented by the committee of men watching the place, and the entire issue and cost and expense was lost and reported to amount to some forty thousand pesos.

"Appeals to President Obregon got the usual answer—polite—issuing orders to the Governor to furnish the buildings police protection at once. The Governor sent the police, etc.—but, following the customary rule, the protection was given the Bolshevik labor committee guarding the doors. No employes or laborers have been allowed to enter and go to work, as is their constitutional right to do. Palavicini showed he had no strike of his men, and they, in mass, appealed to be allowed to go to work—but to no avail. What has taken place in every strike, took place with the Universal. A few men strangers to the institution—prevented the entering of free labor, and the real employes and laborers from going to work.

"Palavicini has issued a proclamation formally closing all the publications of the Universal, due to lack of protection, and placed the company in hands of stockholders for liquidation. Mr. Jacobs has got an injunction for debt against the property of the Universal—which is a protective measure. The devilry involved is deep, and probably involves political motives. They selected an hour when all heads of the paper had retired—midnight—and selected a day so great that unless the paper acceded early to the Syndicate demands, and distribution was allowed, it would about break any paper published here. This is the culmination of Bolshevik methods and a demonstration of their power in this city.

"Many thousands of high-grade employes, ordinary employes and laborers are thrown out of work—through the machinations of a few Bolsheviks—and the injured people have protested, but were not allowed to go to their work, nor to earn their living. It is asserted that there is politics back of it to break the powerful influence of Palavicini. His attempt to close his publications definitely will probably lead to their incautacion or temporary confiscation by the government. If so, the paper will be run for political—Bolshevik ends, and to support, and furnish a perfectly equipped daily paper to support the agreed on successor of President Obregon. This was asserted today in Congress by Perez-Taylor.

"Personally, I think this permitted outrage is the greatest mistake made by President Obregon's administration to date. It will certainly cause further curtailment in business and greater commercial and industrial depression—with consequent decrease in the Government's income through diminished business. But they don't seem to care. No one (excepting the foreigner doing business here) cares much about what takes place. The Government don't seem to care much for consequences—no matter how threatening they may be. It's all in line with the article by Bulnes I sent you a few days ago—and ruin sure to the suc-

cess, financially, of the administration now in control. Everyone looks for sensational developments as a result of the determination of Palavicini not to stand for the outrage and close his papers definitely.

"The red-black flag of the Bolsheviki is more in evidence today than ever before. No matter what street you travel on you will find here and there the red-black flag before doors of concerns, with the lazy loafers watching it and the door also. The Cines (motion picture theatres) have been shut up for two weeks by the same methods, yet they proved they had free labor ready to go to work if allowed. They were not allowed. Wherever you go now you see the mentioned flag holding supreme at some door and stopping business and preventing honest labor from earning a living. It looks as though the Vera Cruz conditions were being transferred to Mexico City.

"There is talk of a big railroad strike, which de la Huerta quickly condemns in a manner showing his alarm and real anxiety at the mere rumor. Things are in very bad condition—business is at its lowest ebb, probably in history, and the income of the Government is falling off rapidly. Revolution is apparently springing up all over—yet they don't seem to see the Hand-Writing on the Wall—or don't care—if they do see it. It is incomprehensible how a group of men—with every opportunity to make a brilliant success—

will directly adopt methods that mean their ruin as well as the country's. Calles and Gasca are supreme evidently and the results are fatal to the deceived masses of people.

"I write this in strict confidence. Use it if you wish, but keep my name obscure. It's all the truth—I am sorry to say. Guess it is coming to a time to get out of the country; no business can live under such methods as these—nor will live—nor is a living possible for any of us who have to depend on work for daily support."

NOTE—In the "Universal" of September 7, an article by Francisco Bulnes was printed in which he exposed the false claims of the Mexican Bolshevik "government" in reference to current revenues. This expose was to have been continued in the edition of Friday, September 8. To prevent its circulation, the paper was seized as above described by "Bolsheviks," under pretext of a "strike." Palavicini, bitten by the political mad-dog he had helped to create, showed Obregon that he had but one disgruntled man among all his employes. The "President" replied that "the government must respect the rights of that one." The attack on the "Universal" was only a Bolshevik trick to suppress the continuation of Bulnes' exposure of the "government."

MSH 22992

**END OF
TITLE**